

## Proposed budget

Line #		Nov Month 1	Dec Month 2	Total
1	Beginning balance (see note)	\$ 12,813,839	\$ 14,747,497	\$ 12,813,839
2	Plus: Receipts			
3	Annuity income (see note)	3,197,608	-	3,197,608
4	Highland Stargate salary	1,717	1,717	3,435
5	Social Security	2,695	2,695	5,390
6	Great Western annuity	1,848	1,848	3,697
7	CA Harvest Plan (401k) (see note)	-	14,872	14,872
8	Arlington Stoneridge	149	149	297
9	I Shares Dividend (JP Morgan) (see note)	-	26,000	26,000
10	Sub-total	3,204,018	47,281	3,251,299
11	Minus: Disbursements			
12	Dallas residence			
13	Taxes (see note)	-	-	-
14	Insurance (see note)	(4,725)	(4,725)	(9,449)
15	Utilities (see note)	(2,500)	(2,500)	(5,000)
16	Services (see note)	(2,200)	(2,200)	(4,400)
17	Cable / phone (see note)	(750)	(750)	(1,500)
18	Storage space	(204)	(204)	(408)
19	Club charges	(383)	(383)	(766)
20	Auto insurance	(807)	(807)	(1,613)
21	Household maintenance and expenses (see note)	(2,000)	(2,000)	(4,000)
22	Sub-total - Dallas residence	(13,568)	(13,568)	(27,136)
23	Family Office			
24	Monthly allocation (see note)	-	-	-
25	Monthly billed (see note)	-	-	-
26	Sub-total - Family Office	-	-	-
27	Book Business			
28	Monthly billed + expenses (see note)	-	-	-
29	Other			
30	Family blanket valuables policy	(4,025)	(4,025)	(8,050)
31	Out of pocket medical (see note)	(500)	(500)	(1,000)
32	Support for elderly family/friends	-	-	-
33	General contingency (see note)	(3,100)	(1,800)	(4,900)
34	Sub-total - Other	(7,625)	(6,325)	(13,950)
35	Total Disbursements (Pre-Legal & Explore Real Estate)(see note)	(21,193)	(19,893)	(41,086)
36	Explore - Real estate (see note)	(29,167)	(29,167)	(58,334)
37	Total Disbursements (Pre-Legal)	(50,360)	(49,060)	(99,420)
38	Legal Defense (see note)			
39	Attorneys	-	(200,000)	(200,000)
40	Appeal	-	(100,000)	(100,000)
41	Other	(910,000)	(30,000)	(940,000)
42	Sub-total - Legal Defense	(910,000)	(330,000)	(1,240,000)
43	Bankruptcy (see note)			
44	Legal	(200,000)	(200,000)	(400,000)
45	Accounting	(100,000)	(100,000)	(200,000)
46	Other	(10,000)	(10,000)	(20,000)
47	UST	-	-	-
48	Sub-total - Bankruptcy	(310,000)	(310,000)	(620,000)
49	Total Disbursements	(1,270,360)	(689,060)	(1,959,420)
50	Ending Cash	<u>\$ 14,747,497</u>	<u>\$ 14,105,718</u>	<u>\$ 14,105,718</u>

## Budget Notes

### General Notes:

- Source of information obtained from Highland Stargate CFO, Keeley Hennington and is based on the Debtor's general financial history. The budget was prepared by Lain Faulkner in consultation with counsel and Highland Stargate personnel.
- Reflected on a combination of cash and accrual basis as further detailed in the line item notes.

### Line Item Notes:

Line item 1: The cash balance includes the Debtor's book balance of cash on hand as of October 19, 2014 as follows:

Institution	Account # (Last 4)	Amount
BBVA	0274	\$ 5,298,467.04
BBVA	1463	6,413,479.14
BBVA	0711	4,822.55
BBVA	0290	6,862.39
BBVA	1540	866,021.72
Sub-total		12,589,652.84
Plus: JP Morgan Brokerage Account		224,186.52
Total		<u>\$ 12,813,839.36</u>

*Debtor's Schwab account (#6377) currently has no cash.*

The Debtor is in the process of transferring cash deposits in excess of \$5,250,000 from BBVA Compass Bank to a Debtor in Possession account with Plains Capital Bank (Acct #7156). The cash deposit balance includes gross annuity receipts from Devotion Ltd (tax deposits are estimated to be made January 15).

Line item 3: Annuity income is received on an annual basis (typically October). The Debtor's 2014 annuity income has been estimated as follows:

Annuity Income (received annually in October-November)

<u>To be received:</u>	<u>Gross</u>	<u>Collection Est Net of Tax</u>
West Carroll	\$ 942,157	\$ 565,294
Richland Limited	1,130,589	678,353
Morehouse Limited	964,416	578,650
Sarnia Limited	2,292,185	1,375,311
Sub-total	5,329,347	3,197,608
<u>Already received (included in cash balance)</u>		
Devotion Limited	5,711,781	3,427,069
<u>No payment expected in the near term</u>		
Moberly Limited	8,028,598	-
Locke Limited	9,932,801	-
Audubon Limited	5,793,464	-
Yurta Faf Limited	1,007,096	-
Sub-total	24,761,959	-
Total	<u>\$ 35,803,087</u>	<u>\$ 6,624,677</u>

## Budget Notes

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Line item 7: Represents a required minimum distribution from the Debtor's 401k account and has typically been initiated on an annual basis and received in December.

Line item 9: Represents projected dividends paid on a quarterly basis.

Line item 13: Represents annual property tax payment estimated to be paid in January 2015. Amounts are not currently set aside as an escrow or reserve (Per the Dallas County Appraisal District, the 2014 tax estimate is \$113,255).

Line item 14: Represents monthly property insurance premium. Historically amounts are paid on an annual basis in May (however are reflected on an accrual basis herein for the anticipated 2015 payment).

Line items 15-17: See detail attached.

Line item 21: Represents estimates for grocery and miscellaneous household expenses paid via credit cards.

Line item 24: As further detailed in the Debtor's Motion for Order on Estate Administration (Docket #5), on a quarterly basis, the Debtor pays in advance his projected allocable share of the operating costs of Highland Stargate. The Debtor's fourth quarter obligation (approximately \$393,000) was pre-funded prior to the Chapter 11 filing. On a broad basis, the operating costs include salaries (for non-family members), benefits, payroll taxes, rent, liability coverage, bank fees and computer related charges. The Debtor's next estimated funding requirement will be in January 2015. Highland Stargate (in consultation with Lain Faulkner) is in the process of reviewing and refining these expenses and will submit a budget further detailing the costs to be included starting in January of 2015. Highland Stargate has ten (10) full-time office employees (non-family members). A significant amount of office employee time is currently spent providing supporting information for Bankruptcy Schedules and responding to voluminous discovery and information requests from the SEC and IRS.

Line item 25: Also as further detailed in the Debtor's Motion for Order on Estate Administration (Docket #5), the Debtor has paid in advance costs (salary and benefits) for personnel who work directly for the Debtor (and separately billed to the Debtor). These charges include the Debtor himself (for purposes of inclusion in Highland Stargate's group benefits) and the Debtor's house manager in Dallas. The income associated with this charge is reflected above in the income section under the "Highland Stargate salary" line item. Pre-filing, these charges also covered three additional personnel who are no longer employed through Highland Stargate. As noted above, the Debtor has pre-funded the fourth quarter obligation. The next estimated funding requirement will be in January 2015.

Line item 28: Represents expenses relating to individuals who provide assistance on the Debtor's writing and publishing projects as further described in the Debtor's Expedited Motion for Order on Estate Administration [Docket No. 5]. The book projects have been temporarily suspended pending further development of a viable short-term business plan relating to the efforts. The employment of Debtor's book staff team ended on October 31, 2014 and they have been paid by Highland Stargate for expense reimbursements (approximately \$2,600) and accrued payroll from amounts pre-funded through that date.

## Budget Notes

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Line item 31: Represents estimates for additional medical expenses relating to out of network and out of pocket charges. Estimates are based on current levels (historical amounts have fluctuated and have been as high as \$16,000 per month).

Line item 33: Represents a general contingency of 10% on disbursements before legal costs and the Explore real estate. For month 1, an additional \$1,300 has been included for payments of utility deposits (if necessary).

Line item 35: The Debtor has historically paid Torie Steele (his former wife) approximately \$41,666 per month pursuant to court order/compromise agreements. Counsel to the Debtor is reviewing the documentation and the Debtor may seek to amend the budget following completion of such review.

Line item 36: Real estate funding reflects mortgage payment amounts related to the Explore property as further described in the Debtor's Expedited Motion for Order on Estate Administration [Docket No. 5]. The Debtor is a guarantor of the mortgage debt. The Explore property is listed for sale with a real estate broker.

Lines 38-42: Reflects the estimated accruals for expenses, professional fees and costs relating to the conclusion of Case No. 10-05760 a civil action pending in the United States District Court for the Southern District of New York styled Securities and Exchange Commission v. Samuel Wyly, and Donald R. Miller, Jr. in his Capacity as the Independent Executor of the Will and Estate of Charles J. Wyly, Jr. (the "District Court Action") and any appeal arising therefrom. This amount may be increased to reflect additional fees/costs of expert witnesses.

Lines 43-48: Reflects the estimated Bankruptcy expenses for the administration of the Debtor's case including professional fees, costs and fees payable to the United States Trustee. Retainers have been paid and are further detailed in the respective professionals (Case Professionals) applications for employment. The fees and costs are reflected on an accrual basis (actual payments would be made pursuant to Court Order as further proposed in the Debtor's Motion to Establish Procedures for Monthly and Interim Compensation and Reimbursement of Expenses for Case Professionals).

## Proposed budget

## Additional detail (utilities, services &amp; cable/phone)

	<u>Monthly</u>
Utilities	
Green Mountain Energy	(1,340)
Town of Highland Park	(570)
Atmos Energy	(520)
Security	(48)
Other	(22)
	<hr/>
	(2,500)
Services	
Pool Service	(244)
Landscaping	(1,619)
Mosquito	(147)
Pest Control	(56)
Other	(134)
	<hr/>
	(2,200)
Cable / Phone	
Direct TV	(221)
Time Warner Cable	(210)
AT&T	(61)
AT&T	(221)
Other	(37)
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	(750)